

Message Text

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ACTION AF-18

INFO OCT-01 EUR-25 NEA-10 ADP-00 CIAE-00 DODE-00 PM-09

H-02 INR-09 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01

SS-14 USIA-12 EB-11 COME-00 TRSE-00 INT-08 OEP-01

CIEP-02 OPIC-12 OMB-01 RSR-01 /154 W

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R 150750 Z MAR 73

FM AMEMBASSY TRIPOLI

TO SECSTATE WASHDC 9798

INFO AMEMBASSY BEIRUT

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TEHRAN

C O N F I D E N T I A L TRIPOLI 0316

E. O. 11652: GDS

TAGS: ENRG, LY

SUBJECT: LARG/ OASIS PARTICIPATION NEGOTIATIONS

REF: TRIPOLI 0279

SUMMARY: LARG/ OASIS PARTICIPATION NEGOTIATIONS

RECESSING WHILE MINISTER OF PETROLEUM MABRUK ATTENDS

OPEC CONFERENCE. COMPANIES BELIEVE LARG NOT CERTAIN

WHAT IT WANTS FROM PARTICIPATION PACKAGE OTHER TH

N

POLITICAL ADVANTAGE WHICH WOULD ACCOMPANY IMMEDIATE

50 PERCENT PARTICIPATION. THIS DEMAND OPPOSED BY

OASIS AND OTHER INDEPENDENTS BECAUSE OF EFFECT ON

THEIR CRUDE PRICING, AND MORE STRONGLY BY ARAMCO

GROUP COMPANIES FOR HISTORICAL REASONS AND FOR FEAR

OF REPERCUSION IN PERSIAN GULF. COMPANIES CONSIDER-

ING A PROPOSAL ALTERNATIVE TO PARTICIPATION, AND THIS

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PROPOSAL WILL BE MAJOR TOPIC OF DISCUSSION BY LONDON WORKING GROUP DURING RECESS PERIOD. END SUMMARY.

1. AT CHARGE' S INVITATION HE, ADCM AND ECONOFF MET MARCH 13 WITH SWALES (OASIS PRESIDENT), SHAFER (OASIS NEGOTIATOR), GLOSS AMOSEAS PRESIDENT) AND FULMAR (TEXACO) FOR DISCUSSION OF POLITICAL CLIMATE AND COMPANIES' IMMEDIATE AND LONG- RANGE FUTURE IN LAR.

2. SHAFER SAID THAT IN HIS MOST RECENT MEETING (REFTEL) MABRUK EVIDENCED RELIEF AND RELAXATION, WHICH SHAFER AT A LOSS TO EXPLAIN. IT WAS SUGGESTED HIS MOOD MAY ONLY HAVE BEEN RESULT OF POSTPONEMENT OF NEGOTIATIONS AND FACT HE NEED NOT MAKE IMMEDIATE DECISIONS. CHARGE ENUMERATED OTHER PREOCCUPATIONS OF LARG (DOWNING OF AIRLINER, KHARTOUM, FLURRY OF RCC MEETINGS WITH ASU AND OTHER GROUPS, MOROCCO, UNION WITH EGYPT, ETC), WHICH PROBABLY MAKE IT IMPOSSIBLE FOR MABRUK TO OBTAIN DETAILED INSTRUCTIONS FROM JALLUD AND OTHER MEMBERS OF RCC. SHAFER SAID HE AND MABRUK PLANNED MEET EARLY NEXT WEEK AFTER LATTER RETURNS FROM OPEC MEETING.

3. REMAINDER OF DISCUSSION FOCUSED ON OPTIONS OPEN TO COMPANIES IN SEEKING TO SATISFY LARG' S ESSENTIALLY POLITICAL DEMAND FOR 50 PERCENT PARTICIPATION AND, AT THE SAME TIME, KEEP TOTAL PACKAGE IN LINE WITH PERSIAN GULF SETTLEMENT. FULMAR, SPEAKING FOR MAJORS AND FOR ARAMCO GROUP OF COMPANIES, POINTED OUT THAT SOME COMPANIES' INVESTMENT IN AREA WENT BACK TO '30 S AND ASSETS COULD NOT EASILY BE SURRENDERED, NOT ONLY BECAUSE OF RESPONSIBILITY TO SHAREHOLDERS BUT ALSO BECAUSE OF POSSIBLE REPERCUSSIONS IN SAUDI ARABIA AND PERSIAN GULF. INDEPENDENTS, SAID SHAFER, WERE MORE CONCERNED WITH INABILITY OF LARG TO PAY COMPENSATION ON 50 PERCENT PARTICIPATION.

4. AT CLOSE OF MEETING FULMAR SAID COMPANIES IN LONDON WORKING GROUP WOULD BE WORKING ON AN ALTERNATE PROPOSAL FOR LIBYA DURING RECESS BUT, IN ANY EVENT, WOULD NOT ACCEPT ANY RETROACTIVE FORMULA. HE DID NOT DESCRIBE WHAT THE PROPOSAL WAS BUT INDICATED IT WOULD SOMEHOW TRY TO EVADE THE 50 PERCENT PARTICIPATION ISSUE AND
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CAPITALIZE UPON LARG' S ALLEGED DEEP INTEREST IN NEW

INVESTMENT. WE DID NOT ENCOURAGE THE OPTIMISM THAT
LAY BEHIND THIS THOUGHT; QUOTE THE CONTRARY.

5. COMMENT: WE ARE PERSUADED DELAY IN NEGOTIATIONS DUE
MAINLY TO FACT THAT PREOCCUPIED RCC HAS NOT GIVEN MABRUK
SUFFICIENT INSTRUCTIONS FOR HIM TO CONTINUE NEGOTIATIONS
AND THAT JALLUD PERSONALLY TOO BUSY TO ATTEND MEETINGS.
COMPANIES CLEARLY DONNING THEIR THINKING CAPS IN ATTEMPT
COME UP WITH FORMULA WHICH WILL SATISFY MANY CONFLICTING
INTERESTS, BOTH AMONG THEMSELVES AND WITH THE LARG.
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*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 15 MAR 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973TRIPOL00316
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: RR
Errors: n/a
Film Number: n/a
From: TRIPOLI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730328/aaaahsvo.tel
Line Count: 130
Locator: TEXT ON-LINE
Office: ACTION AF
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 73 TRIPOLI 0279
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 17 SEP 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17-Sep-2001 by shawdg>; APPROVED <06-Dec-2001 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> srp 971202
Subject: LARG/ OASIS PARTICIPATION NEGOTIATIONS
TAGS: ENRG, LY
To: AF
SECSTATE WASHDC INFO BEIRUT
MULTIPLE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005